

What we claim is:

1. A method of providing incentives to bidders on an auction item comprising:
creating a consumer profile for at least one consumer, the consumer profile including at least information relating to a bid on the auction item;

5 choosing at least one unsold item from an inventory based on the information in the consumer profile;

generating an incentive for the at least one chosen unsold item based on the consumer profile; and

offering the at least one chosen unsold item and the incentive to the at least one consumer to induce purchasing of the chosen unsold item.

2. The method of claim 1 further comprising:
providing a maximum allowable discount for each unsold item from the inventory, the incentive comprising an amount less than the maximum allowable discount.

3. The method of claim 2 wherein the providing comprises:
negotiating the maximum allowable discount of the unsold item with a seller.

4. The method of claim 2 wherein the providing comprises:
establishing a discount zone between a full price of the unsold item and the full price less the maximum allowable discount.

5. The method of claim 4 wherein the generating comprises:
determining an effective price within the discount zone deemed necessary to trigger a consumer purchase, the discount zone having a consumer surplus between the full price and the effective price and a seller surplus between the effective price and the full price less the maximum allowable discount;

calculating at least one of a rebate and coupon equivalent to the consumer surplus.

6. The method of claim 5 further comprising:
recording at least one of detailed descriptions, a list of similar items, and a list of complementary items of the inventory;

calculating the maximum allowable discount based on the seller's inventory pressure;
5 inputting into the consumer profile at least one of bidding history, start bid, bid
frequency, bid increment, final bid, winning bid, target product, click stream, Internet service
provider, zip code, credit card type, and coupon redemption rate;

comparing the consumer profile to an index of consumer behavior indicators;

categorizing the consumer according to results of the comparison;

10 assigning a weight to the input of the consumer profile to determine importance of the
input; and

monitoring the input to improve accuracy of the assigned weights.

7. The method of claim 5 further comprising:

generating revenue by at least one of charging a transaction fee and receiving a
percentage of the seller surplus on the unsold item.

8. The method of claim 5 wherein the offering comprises:

basing the incentive on a retail price of the auction item.

9. The method of claim 1 further comprising:

updating the consumer profile by recording whether the incentive was redeemed.

10. The method of claim 1 further comprising:

furnishing at least one bid less than a lowest successful bid for the auction item.

11. The method of claim 1 wherein the generating comprises:

establishing the incentive based on at least one of inventory levels, market conditions,
and consumer preferences.

12. The method of claim 1 wherein the choosing comprises:

furnishing at least one of slow-moving inventory, dead inventory, and returned items
from at least one seller.

13. The method of claim 1 wherein the offering comprises:

basing an incentive on the unsuccessful bid.

14. The method of claim 1 wherein the creating comprises:

evaluating consumer behavior;
determining demographics and psychographics of the consumer;
gathering transaction information of the consumer; and
classifying the consumer in a consumer category.

- 5
15. The method of claim 1 wherein the choosing comprises:
selecting a comparable unsold item in relation to the auction item.
16. The method of claim 1 wherein the choosing comprises:
redirecting the consumer to a different unsold item as compared to the auction item.
17. The method of claim 1 wherein the offering comprises:
extending a general incentive with at least one seller.
18. The method of claim 1 wherein the offering comprises:
expiring the incentive upon at least one of a rejection by the consumer and a termination
of communications by the consumer.
19. A system for implementing an incentive program for bidders on auction items
comprising:
a consumer database storing consumer information, including at least information
relating to bids on the auction items;
5 software for choosing unsold items from an inventory and generating incentives for the
chosen unsold items based on the consumer information in the consumer database; and
software for offering the chosen unsold items and the incentives to consumers to induce
purchasing of the chosen unsold items.
20. A system for an incentive program for bidders on auction items comprising:
a first memory for storing consumer profiles having consumer information, including at
least information relating to bids on the auction items;
a second memory for storing unsold items in an inventory; and
5 a third memory for storing a plurality of incentives for each unsold item, each incentive
having a value based on a selection of the consumer information.

21. A method of providing incentives to bidders on an auction item using a system having a first memory for storing consumer profiles having consumer information, including at least information relating to bids on the auction items, a second memory for storing unsold items in an inventory, and a third memory for storing a plurality of incentives for each unsold item, each
5 incentive having a value based on a selection of the consumer information, the method comprising:

creating the consumer profile for at least one consumer;

choosing at least one of the unsold items from the inventory based on the consumer information in the consumer profile;

10 generating the incentive for the chosen unsold item based on the consumer file, the selection of consumer information of the incentive being substantially similar to the consumer information in the consumer profile; and

offering the chosen unsold item and the incentive to the at least one consumer to induce purchasing of the chosen unsold item.

22. A database for an incentive program for bidders on auction items comprising:

an inventory file having at least one of detailed descriptions of an inventory, a list of similar items of the inventory, and a list of complementary items of the inventory; and

a consumer profile having at least one of bidding history, start bid, bid frequency, bid
5 increment, final bid, winning bid, target product, Internet service provider, zip code, credit card type, and coupon redemption rate.